

Rohan®

FOR EVERY JOURNEY

Rohan Designs Limited

Annual Report and Financial Statements

for the year to 31 December 2018

Registered in England & Wales, no: 1567549



Rohan Designs Limited

Strategic Report

Business Review

The Directors present their Strategic Report for Rohan Designs Limited for the year ended 31 December 2018. Comparative figures are for the 11 month period ended 31 December 2017.

This has been a challenging year for the retail sector, with continued news of falling footfall and a culture of discounting. We have continued to strategically focus on future growth, delivering profitability and stability.

We have invested in staff and product expertise through our in-house academy and specialised on-line training. We have continued to invest in our technical and sourcing teams ensuring our quality standards remain high.

In a highly competitive market place we have continued our focus on marketing and ecommerce, along with our emphasis on investment in stores and technology. Whilst we had no plans for store closures and openings in 2018, opportunities were taken with a couple of franchise stores being converted to owned retail, along with 2 new openings in Marlborough and Oxford, increasing our store portfolio to a total of 58. We will continue to explore ways to improve the overall level of contribution made by our store portfolio as leases expire and opportunities arise.

It is our view that the economic environment will remain uncertain for the foreseeable future.

This Year's Performance (including key performance indicators)

Annualised turnover for the year was at a moderate growth rate of 2%, with on-line sales continuing to grow at a faster pace than sales in our stores.

A fall in gross margins was primarily due to the impact of currency rates.

Operating profit for the year reduced, but primarily due to planned staff and marketing investments which we expect to benefit future trading.

Principal Risks and Uncertainties

The Board believes that the UK retail sector remains fragile. Various factors continue to unnerve the stability of the UK economy and the high street has seen many casualties in 2018. Continued price deflation in the clothing sector driven by non-stop discounting and low price competitors is a very real issue and is expected to remain a challenge for the foreseeable future.

Rohan Designs Limited

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

The Company sells direct to consumers online and operates a number of outlets both directly and through franchise agreements. The Company is therefore exposed to the risk of reductions in the consumer demand.

The Company makes significant purchases in foreign currencies (primarily the US Dollar) and is exposed to currency risk if the impact of adverse currency rate movements cannot be managed by changes in pricing. The Company actively manages currency exposure to reduce this risk. The Company has hedged a substantial proportion of 2019 currency requirements to cover the risk of yet further depreciation in Sterling's value.

Both consumer demand and currency rates could be adversely affected by a poor Brexit outcome.

Future Developments

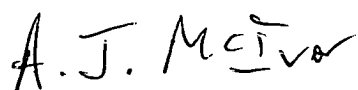
The positive effect of our 2017 / 2018 resource investments (staff, product and marketing) will be realised in 2019. As a result, and through improving range planning and development, our product line-up will reflect our commitment to innovation and our focus on core market product categories. These positive effects will continue through 2020.

As the marketplace remains uncertain, our marketing focus will be in solidifying known customer relationships where we see further growth opportunity.

We will continue to invest in, and improve, our digital and ecommerce platforms.

Indications are that conditions on the UK high street will not improve in 2019 and could be considerably less favourable and this may have an impact on sales and operating profitability.

Authorised for issue by the Board of Directors and signed on its behalf by:



Alan McIvor
Director
11 June 2019

Registered Office
Buckingham House, West Street
Newbury, Berkshire RG14 1BD

Rohan Designs Limited

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2018.

The comparative figures are all reported for the 11 month period ended 31 December 2017.

Principal Activity

The Company designs and distributes performance clothing, shoes and accessories for active outdoor and travel use which are sold through a chain of owned and franchised retail outlets in the UK and direct to consumers through mail order and the internet.

Results and Dividends

The turnover for the year was £33,647,000 (11 months to 31 December 2017: £30,410,000). The profit after tax was £1,876,000 (11 months to 31 December 2017: £2,149,000). The Directors declared and paid an interim dividend of £Nil (11 months to 31 December 2017: £516,000). The Directors do not recommend the payment of a final dividend (11 months to 31 December 2017: £Nil).

Financial Risk Management Objectives and Policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives to manage commercial currency risk is governed by the Company's policies approved by the Board of Directors. The Company does not use derivative financial instruments for speculative purposes.

Cash Flow Risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Credit Risk

The Company's principal financial assets are bank balances and cash.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Rohan Designs Limited

Directors' Report (continued)

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of cash balances and short-term debt finance.

Further details regarding liquidity risk can be found in Note 1 on accounting policies in the accounts

Future Developments

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Directors

The Directors of the Company during the period and at the date of this report were as follows:

Mark Willison

Ian Palmer

Jacqueline Brandon (resigned 15 May 2019)

Dominic Langan

Alan McIvor

Dr. Ronald F. Sämann

Scott Longstaff (appointed 9 February 2018)

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources, for the reasons set out in Note 1 to the accounts, to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and accounts.

Employment of disabled persons

The Company's policy is to give full and fair consideration to any application for employment made by a disabled person, having regard to the applicant's particular aptitudes and abilities and to the essential requirements of the job in question. In the event of an employee being disabled during the year of his/her employment, the Company would seek to continue his/her employment and, if necessary, to provide appropriate training for a more suitable alternative job within the Company. The Company regards disabled persons as equally eligible with others for training, career development and promotion; subject only to such restrictions as the nature of any particular disablement may unavoidably impose.

Rohan Designs Limited

Directors' Report (continued)

Employee involvement

The awareness and involvement of employees in the Company's performance is prompted by consultation and by the provision of information on matters of concern through a variety of internal publications and meetings involving employees at all levels. The Company seeks to create an environment which encourages employees to express to management their ideas and opinions about the Company and its work.

Insurance of Directors

The Company has made qualifying third party indemnity provisions for the benefit of certain of its Directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office. A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

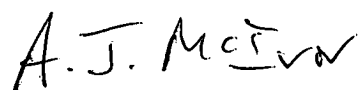
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Directors' Report (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Authorised for issue by the Board of Directors and signed on its behalf by:



Alan McIvor
Director
11 June 2019

Registered Office
Buckingham House, West Street
Newbury, Berkshire RG14 1BD

Rohan Designs Limited

Independent Auditor's Report to the members of Rohan Designs Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Rohan Designs Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Rohan Designs Limited

Independent Auditor's Report (continued)

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Rohan Designs Limited

Independent Auditor's Report (continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

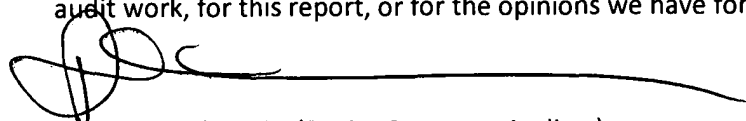
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Darren Longley FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, England

12 June 2019

Rohan Designs Limited

Profit and loss account

For the year to 31 December 2018

	Note	Year to 31 December 2018	11 months to 31 December 2017
		£000's	£000's
Turnover	2	33,647	30,410
Cost of sales		(12,562)	(10,792)
Gross Profit		21,085	19,618
Distribution costs		(16,572)	(14,423)
Administrative expenses		(2,314)	(2,271)
Operating profit	4	2,199	2,924
Finance charges - net	3	200	(252)
Profit before taxation		2,399	2,672
Taxation on profit	7	(523)	(523)
Profit for the financial period		1,876	2,149

A statement of comprehensive income has not been prepared as the only recognised income in the current year and preceding period is shown in the above profit and loss account.

Turnover and operating profits are attributable to continuing operations.

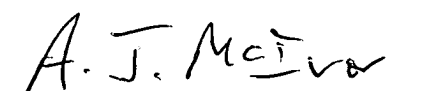
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Balance Sheet

At 31 December 2018

	Note	31 December 2018 £000's	31 December 2017 £000's
Fixed Assets			
Tangible Assets	8	1,016	894
Current Assets			
Stocks	9	7,172	5,928
Debtors	10	2,715	2,218
Cash at bank and in hand		4,703	6,280
		14,590	14,426
Creditors: Amounts falling due within one year	11	(5,815)	(7,321)
Net Current Assets		8,775	7,105
Total assets less current liabilities		9,791	7,999
Provisions for liabilities	12	(870)	(954)
Net Assets		8,921	7,045
Capital & Reserves			
Called up share capital	13	50	50
Share premium reserve	14	49	49
Revaluation reserve	14	209	213
Profit and loss reserve	14	8,613	6,733
Total Equity		8,921	7,045

The financial statements were approved by the Board of Directors on 11 June 2019 and were signed on its behalf by:



Alan McIvor, Director

Registered in England & Wales, No. 1567549

Rohan Designs Limited

Statement of Changes in Equity

	Called -up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 29 January 2017	50	49	217	5,096	5,412
Profit for the period	-	-	-	2,149	2,149
Transfer of depreciation on revalued freehold property	-	-	(4)	4	-
Total comprehensive income	-	-	(4)	2,153	2,149
Dividends – equity shares	-	-	-	(516)	(516)
At 31 December 2017	50	49	213	6,733	7,045
Profit for the year	-	-	-	1,876	1,876
Transfer of depreciation on revalued freehold property	-	-	(4)	4	-
Total comprehensive income	-	-	(4)	1,880	1,876
At 31 December 2018	50	49	209	8,613	8,921

Rohan Designs Limited

Notes to the Financial Statements

1. Accounting Policies

Company Information

Rohan Designs Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

Registered address: Buckingham House, West Street, Newbury, Berkshire, RG14 1BD, England

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below and the revaluation of freehold property.

The functional currency of Rohan Designs Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company, a private company limited by shares, is included in the consolidated financial statements of H. Young Holdings PLC, which are publicly available (note 17). The Company therefore meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, and remuneration of key management personnel.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report respectively. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance indicate that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Fixed assets and Depreciation

Freehold property is included in the balance sheet at valuation.

Other fixed assets are stated at cost net of accumulated depreciation and any provision for impairment. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Rohan Designs Limited

Notes to the Financial Statements

1. Accounting Policies (continued)

Fixed assets and Depreciation (continued)

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition and installation.

Depreciation is calculated to write down the cost less estimated residual value of tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Freehold Property	50 years
Leasehold Property	Over the life of the lease
Fixtures, Fittings and Equipment	5 to 15 years
IT Systems and Equipment	3 years

Impairment of assets

Impairment testing is intended to estimate the recoverable amount of an asset and recognise an impairment loss whenever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount of an asset is the higher of (i) its fair value less costs to sell and (ii) its value in use.

“Value in use” is measured by estimating the present value of future cash flows from cash generating units which utilise the assets in question. The cash generating unit is the smallest group of assets to which discrete cash flows can be allocated, for example, a retail store.

When the calculations show that an impairment to below carrying value has occurred, then an impairment loss is recognised in the profit and loss account by writing down the assets to the calculated recoverable amount.

Where subsequent reviews determine that impairment losses on assets have reversed, then any previously booked impairment losses are reversed.

Turnover

Turnover is the amount derived from the provision of goods falling within the Company's ordinary activities after deduction of returns, trade and settlement discounts, volume rebates and value added tax. Turnover comes from sale of items through high street retail, online and mail order.

Sales of goods are recognised when the risks and rewards of ownership have been transferred to the customer.

Rohan Designs Limited

Notes to the Financial Statements

1. Accounting Policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rohan Designs Limited

Notes to the Financial Statements

1. Accounting Policies (continued)

Stock

Stock is stated at the lower of cost and net realisable value. Cost is the value at which goods are purchased on a weighted average cost basis, including where appropriate, import duties and associated costs. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Company will be required to settle the obligation, and, when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Dilapidations

When the Company has made a decision to no longer trade from a leased property, either on the termination of a lease or due to exercising a break clause, or where a landlord has the option to exercise a break clause, then a review is carried out to determine whether a dilapidations liability will arise. If a liability is likely to arise then a provision is made.

Foreign Currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Rohan Designs Limited

Notes to the Financial Statements

1. Accounting Policies (continued)

Financial Instruments (continued)

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Company uses derivatives financial instruments to reduce exposure to exchange rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the year there were no material judgements or key sources of estimation uncertainty.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2. Turnover

All turnover arose from the sale of goods in the United Kingdom, except for sales of £901,000 to the USA (11 months to 31 December 2017: £837,000).

Rohan Designs Limited

Notes to the Financial Statements

3. Finance charges - net

	Year to 31 December 2018 £000s	11 months to 31 December 2017 £000s
Interest payable on trade finance facility and other bank borrowings	56	50
Foreign exchange derivative (gain)/loss	(256)	202
	<u>(200)</u>	<u>252</u>

4. Operating profit

	Year to 31 December 2018 £000s	11 months to 31 December 2017 £000s
Operating profit is stated after charging:		
Auditor's remuneration		
- for audit of the financial statements	28	28
Depreciation of owned tangible fixed assets (see note 8)	303	212
Net movements in stock impairment expense included in cost of sales	35	11
Impairment of tangible fixed assets (see note 8)	72	-
Hire of plant and machinery – operating leases	4	5
Land and Buildings - operating leases	1,758	1,788

The impairment of tangible fixed assets is shown within distribution costs.

Rohan Designs Limited

Notes to the Financial Statements

5. Remuneration of Directors

	Year to 31 December 2018 £000s	11 months to 31 December 2017 £000s
Directors' emoluments:		
Remuneration	423	305
Pension contributions	32	31
	<u>455</u>	<u>336</u>

The emoluments, including pension contributions of £3,000 (11 months to 31 December 2017: £10,000) of the highest paid Director were £119,000 (11 months to 31 December 2017: £95,000). Retirement benefits are accruing to 4 Directors (11 months to 31 December 2017: 4) under money purchase pension schemes.

6. Staff Costs (including Directors)

	Year to 31 December 2018 No.	11 months to 31 December 2017 No.
Average number of employees		
Sales	283	268
Administration	35	29
	<u>318</u>	<u>297</u>

	Year to 31 December 2018 £000s	11 months to 31 December 2017 £000s
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	5,273	4,434
Social security costs	401	320
Other pension costs (note 16)	89	68
	<u>5,763</u>	<u>4,822</u>

Rohan Designs Limited

Notes to the Financial Statements

7. Tax on Profit

	Year to 31 December 2018 £000s	11 months to 31 December 2017 £000s
Corporation Tax		
UK Corporation tax on profit for the period	535	555
Prior year adjustments – corporation tax	-	(2)
Deferred tax credit	(12)	(30)
	<u>523</u>	<u>523</u>
Factors affecting the tax charge for the year:		
Profit before taxation	<u>2,399</u>	<u>2,672</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (11 months to 31 December 2017: 19.25%)	456	514
Expenses not deductible for tax purposes	67	31
Depreciation in excess of/(less than) capital allowances	7	5
Short term timing differences	5	5
Movement in deferred taxation	(12)	(30)
Prior year adjustments – corporation tax	-	(2)
	<u>523</u>	<u>523</u>

The standard rate of tax applied to reported profit is 19% (11 months to 31 December 2017: 19.25%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015 reducing the UK corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. The subsequent enactment of Finance Act 2016 reduced the UK corporation tax rate further to 17% effective 1 April 2020.

Deferred tax liabilities comprised:

	Provided		Unprovided	
	31 December 2018 £000s	31 December 2017 £000s	31 December 2018 £000s	31 December 2017 £000s
Differences between capital allowance and depreciation	14	7	-	-
Short term timing differences	(35)	(40)	-	-
Capital gains on revaluation of freehold property	(45)	(45)	-	-
	<u>(66)</u>	<u>(78)</u>	<u>-</u>	<u>-</u>

Rohan Designs Limited

Notes to the Financial Statements

8. Tangible fixed assets

	Freehold & Leasehold Property	IT Systems & Equipment	Fixtures, Fittings & Equipment	Total
	£000s	£000s	£000s	£000s
Cost or valuation				
At beginning of year	547	349	1,602	2,498
Additions	-	37	460	497
At end of year	547	386	2,062	2,995
Depreciation				
At beginning of year	277	314	1,013	1,604
Provided in year	14	26	263	303
Impairment losses	-	-	72	72
At end of year	291	340	1,348	1,979
Net book values				
At end of year	256	46	714	1,016
At beginning of year	270	35	589	894

Freehold property was independently valued on an open market basis by Peill & Co on 31 March 2015, at a value of £250,000. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

The Directors have considered its value at 31 December 2018 and concluded that its net book value of £270,000 represents a fair reflection of its market value at that time. If the freehold property had not been revalued it would have been carried at the following amounts

	31 December 2018 £000s	31 December 2017 £000s
Cost	50	50
Accumulated depreciation	(22)	(21)
	28	29

Rohan Designs Limited

Notes to the Financial Statements

9. Stocks

	31 December 2018 £000s	31 December 2017 £000s
Goods in transit	1,815	1,516
Finished goods for resale	5,405	4,495
Stock provision	(48)	(83)
	<u>7,172</u>	<u>5,928</u>

10. Debtors

	31 December 2018 £000s	31 December 2017 £000s
Trade debtors	95	12
Advance payments to suppliers	1,529	1,306
Prepayments and accrued income	1,033	900
Derivative financial asset	58	-
	<u>2,715</u>	<u>2,218</u>

11. Creditors - amounts falling due within one year

	31 December 2018 £000s	31 December 2017 £000s
Trade finance facility	1,186	2,649
Trade creditors	3,031	2,816
Amounts due to Group companies	3	7
Corporation Tax	275	255
Social security and other taxes	683	644
Accruals and deferred income	637	752
Derivative financial liability	-	198
	<u>5,815</u>	<u>7,321</u>

Rohan Designs Limited

Notes to the Financial Statements

12. Provisions for Liabilities

	31 December 2018 £000s	31 December 2017 £000s
Dilapidations		
At beginning of period	876	876
Amount utilised	(72)	-
At end of period	804	876
	31 December 2018 £000s	31 December 2017 £000s
Deferred taxation		
At beginning of period	78	108
Movement (see note 7)	(12)	(30)
At end of period	66	78
	31 December 2018 £000s	31 December 2017 £000s
Total Provisions for Liabilities		
At beginning of period	954	984
Amount utilised	(72)	-
(Released)/provided in period	(12)	(30)
At end of period	870	954

Rohan Designs Limited

Notes to the Financial Statements

13. Share Capital

	31 December 2018	31 December 2017
	£000s	£000s
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

A dividend of £516,000 was paid during the period ended 31 December 2017.

14. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium reserve – includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve – relates to the revaluation of the freehold property.

Profit and loss reserve – includes all current and prior period retained profits and losses.

15. Financial Commitments

a) Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2018		31 December 2017	
	Land and Buildings £000s	Other £000s	Land and Buildings £000s	Other £000s
Within one year	2,035	8	1,960	13
Between two and five years	3,148	4	3,919	10
Over five years	43	-	113	-
	<u>5,226</u>	<u>12</u>	<u>5,992</u>	<u>23</u>

Rohan Designs Limited

Notes to the Financial Statements

15. Financial Commitments (continued)

b) Forward foreign exchange contracts

The Company has entered into purchase contracts for goods and services to be received in subsequent accounting periods. The Company is aware that this leads to foreign exchange risk and to mitigate the risk has entered into forward foreign exchange contracts. At the year end the Company held unexercised foreign exchange contracts with value of £1,192,000 (31 December 2017: £8,304,000). The market value of these contracts was £1,250,000 (31 December 2017 £8,106,000).

16. Pension Scheme

The Company operates defined contribution pension schemes for Directors and certain employees. The pension cost charge for the year represents contributions payable by the Company to the funds and amounted to £89,000 (11 months to 31 December 2017: £68,000).

The assets of the schemes are held separately from those of the Company in independently administered funds.

17. Immediate and Ultimate controlling parties

The Company's immediate holding company is Rohan Group Limited. The registered address is Buckingham House, West Street, Newbury, Berkshire, RG14 1BD.

In the opinion of the Directors, the ultimate parent undertaking and controlling party is Rinaldo Rinaldini Limited, a company incorporated in Bermuda.

The largest Group in which the results of the Company are consolidated is that headed by Lakefield Holdings Limited, a company incorporated in England and Wales. The smallest Group in which they are consolidated is headed by H. Young Holdings PLC, also incorporated in England and Wales. Both sets of consolidated accounts can be obtained from the Company Secretary, Buckingham House, West Street, Newbury, Berkshire, RG14 1BD.

18. Related party transactions

Related party transactions with other companies within the H. Young Holdings PLC Group are not disclosed as the Company is a 100% owned subsidiary of H. Young Holdings PLC.